

CAREER BUILDERS OF LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/16/10

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Career Builders of Louisiana.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Career Builders of Louisiana (a nonprofit corporation) as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 8 to the financial statements, the organization has excluded contingent payroll taxes in the accompanying financial statements. In our opinion, accounting principles generally accepted in the United States of America requires that such liability be included in the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated May 18, 2010, on our consideration of Career Builders of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

In our opinion, except for the effect of not recording the payroll tax liability as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Career Builders of Louisiana as of June 30, 2009, and the changes in its net assets and its cash flows or the year then ended in conformity with accounting principles generally accepted in the United States of America.

Latuso + Johnson, CPA

Baton Rouge, LA
May 18, 2010

CAREER BUILDERS OF LOUISIANA
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2009

ASSETS

Current Assets

Cash and cash equivalents	\$ 373
Accounts receivable	487,504
Other accounts receivable	<u>15,247</u>
Total Current Assets	503,124

Property and Equipment

Office equipment and furniture	15,484
Less accumulated depreciation	<u>(3,209)</u>
Net property and equipment	<u>12,275</u>

Total Assets	<u><u>\$ 515,399</u></u>
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LIABILITIES AND EQUITY

Current Liabilities

Checks issued against future deposits	13,814
Accounts payable	319,271
Accrued expenses:	
Compensation	8,702
Accrued vacation	11,773
Payroll expenses payable	<u>870</u>

Total Current Liabilities	\$ 354,430
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Unearned Revenues	67,780
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Net Assets

Unrestricted	78,189
Temporarily restricted	<u>15,000</u>
	93,189

Total Liabilities and Net Assets	<u><u>\$ 515,399</u></u>
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The accompanying notes are an integral part of these financial statements

CAREER BUILDERS OF LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Combined Total</u>
REVENUES			
Program service revenue	\$ 773,076	\$ 15,000	\$ 788,076
Total Revenues	<u>773,076</u>	<u>15,000</u>	<u>788,076</u>
EXPENSES			
Program services	592,569	-	592,569
Management & general	<u>437,396</u>	-	<u>437,396</u>
Total Expenses	<u>1,029,965</u>	<u>-</u>	<u>1,029,965</u>
(DECREASE) INCREASE IN NET ASSETS	<u>\$ (256,889)</u>	<u>\$ 15,000</u>	<u>\$ (241,889)</u>
Net Assets - Beginning Balance			<u>335,078</u>
Net Assets - Ending Balance			<u>\$ 93,189</u>

The accompanying notes are an integral part of these financial statements.

CAREER BUILDERS OF LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	Program Services	Management and General	Total
Payroll and benefits	\$ 47,190	\$ 246,105	\$ 293,295
Advertising	221,050	-	221,050
Professional fees	98,547	41,600	140,147
Contract services:			
Executive director	61,824	72,000	133,824
Other	10,219	-	10,219
Rent	31,808	32,709	64,517
Tuition and books	54,529	-	54,529
Program supplies	35,562	-	35,562
Telephone	-	26,964	26,964
Office supplies	16,597	1,554	18,151
Travel	7,382	-	7,382
Other expenses	-	6,982	6,982
Interest	-	6,056	6,056
Dues & subscriptions	6,012	-	6,012
Insurance	1,849	1,358	3,207
Depreciation	-	2,068	2,068
Total Expenditures	<u>\$ 592,569</u>	<u>\$ 437,396</u>	<u>\$ 1,029,965</u>

the accompanying notes are an integral part of these financial statements.

CAREER BUILDERS OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

Cash Flows From Operating Activities:

Decrease in Net Assets	\$	(241,889)
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Adjustments to reconcile change in net assets to
net cash provided by (used in) operating activities:

Depreciation		2,068
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Changes in Assets and Liabilities:

Increase in accounts receivable		(77,379)
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Increase in other assets		(1,697)
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Increase in checks issued against future deposits		13,814
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Increase in accounts payable		243,140
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Increase in other liabilities		1,005
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Increase in unearned revenue		7,780
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Net adjustments		<u>188,731</u>
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Net cash used by operating activities		<u>(53,158)</u>
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Investment Activities

Purchase of property and equipment		<u>(9,270)</u>
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Net Decrease in Cash and Cash Equivalents		(62,428)
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Cash and cash equivalents at beginning of year		<u>62,801</u>
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Cash and cash equivalents at the end of year	\$	<u><u>373</u></u>
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The accompanying notes are an integral part of these financial statements.

CAREER BUILDERS OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

Career Builders of Louisiana is a workforce development consultancy creating collaborative partnerships between business and industry, government agencies, community based organizations, and educational systems. These partnerships ensure that high demand and emerging industry sectors across the state of Louisiana have the skilled, trained workforce they need to stimulate economic growth. The Organization specializes in marketing and recruitment, workforce development consultation and solutions, training and development, curriculum enhancement, and developing strategic alliances

B. Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. Permanently restricted net assets are those resources whose use by the organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization does not currently have any permanently restricted net assets.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Accounts Receivable

For the year ended June 30, 2009, uncollectible accounts receivable are considered to be immaterial; accordingly, no allowance for doubtful accounts is recorded. If amounts become uncollectible, they will be charged to operations when the determination is made.

CAREER BUILDERS OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Property and Equipment

Generally accepted accounting principals require that property and equipment be carried at cost or if donated, at the approximate fair value at the date of donation. Depreciation is recognized on the straight line basis over the estimated lives of 5 to 7 years.

F. Revenue Recognition

Revenues from program service fees are recognized when earned. Amounts are considered earned when funds are expended or services are provided.

G. Unearned Revenue

The unearned revenue primarily represents the approximate amount of scholarship expenses which will be expended after June 30, 2009. The scholarships were funded by contributions received before June 30, 2009.

Unearned revenues also include insurance proceeds in the amount of \$6,280. This amount will be expended in the subsequent year.

H. Fair Value of Instruments

The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate carrying value, principally because of the short maturity of those items.

I. Functional Expenses

Functional expenses not directly attributable are allocated between program, and management and general expenses. Management and general expenses include those expenses that are not directly identifiable with other specific functions but provide for the overall support and direction of the Organization.

CAREER BUILDERS OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Advertising

Advertising costs are expended as incurred and are included in program expenses. Various methods of advertising are utilized, such as website, print, radio, and television targeting young adults. Advertising expense for the fiscal year ended June 30, 2009 was \$221,050

K. Income Taxes

The Organization is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code, and has been designated as an organization which is not a private foundation. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes amounts in demand deposits, interest-bearing demand deposits and time deposit accounts. The Organization considers short-term (maturity of 90 days or less), highly liquid investments as cash equivalents.

NOTE 3: RELATED PARTY TRANSACTIONS

The Organization is entrusted to a Board of Commissioners. Some of the sponsorships are obtained from Board Member companies.

Surge Consultants incurred \$133,824 for contract services to oversee the overall management of the Organization including accounting functions, human resources, managing contracts and vendors, program development, systems development, and advising the Board of Directors on strategic decisions. The Principal of Surge Consultants is Terry Simmons who is the primary point of contact on the contract with the Organization.

NOTE 4: OPERATING LEASE AGREEMENTS

The Organization conducts its business in rented facilities. The lease expires on the 31th day of July, 2012. Rental expense for the year ended June 30, 2009 was \$62,750

In addition, the Organization has a non-cancellable equipment lease to June 13, 2012 at \$217 per month.

CAREER BUILDERS OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 4: OPERATING LEASE AGREEMENTS - (CONTINUED)

The minimum future lease payments required under the above operating leases are as follows:

<u>Year ended June 30:</u>	
2010	\$23,304
2011	24,204
2012	<u>15,204</u>
Total	<u>\$62,712</u>

NOTE 5: CONCENTRATION OF CREDIT RISK

The Organization maintains its deposits at a local bank. The deposits are insured by the Federal Deposit Insurance Corporation. The Organization has established a second banking relationship. Management intends to transfer funds in the event the cash balances exceed the FDIC insurance.

NOTE 6: CONCENTRATION OF RECEIVABLES AND REVENUES

As of June 30, 2009 accounts receivable consisted of the following:

	<u>TOTAL</u>	<u>%</u>
One balance over \$100,000	\$345,190	71
One balance \$50,000 - \$100,000	62,208	13
Six balances under \$50,000	<u>80,106</u>	<u>16</u>
	<u>\$487,504</u>	<u>100%</u>

NOTE 7 : NET ASSETS

Temporarily restricted net assets as of June 30, 2009 consisted of an unexpended donation for Explore Offshore.

CAREER BUILDERS OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 8: CONTINGENT TAX LIABILITY

Effective during 2009, generally accepted accounting principles required the recording of potential tax liabilities. The Organization is contingently liable for payroll taxes, which could be assessed on the contract services from the company owned by the executive director and certain individuals. The potential liability could range from \$13,000 to \$27,000 plus penalties and interest. Since the liability is uncertain, management has elected to not record the liability.

NOTE 9: SUBSEQUENT EVENTS

Management of the District has evaluated all subsequent events through May 18, 2010, the date the financial statements were available to be issued. No additional disclosures by management are considered necessary.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
of Career Builders of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of Career Builders of Louisiana (a nonprofit organization) as of and for the year ended June 30, 2009, which comprise Career Builders of Louisiana's basic financial statements and have issued our report thereon dated May 18, 2010, which was qualified as explained in Note 8. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Career Builders of Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Career Builders of Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Career Builders of Louisiana's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we

consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting. Our finding is discussed in finding 2009 - 2. A significant deficiency is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

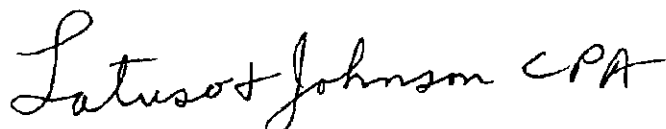
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Career Builders of Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of Career Builders of Louisiana's financial statements that is more than inconsequential will not be prevented or detected by Career Builders of Louisiana's internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Career Builders of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2009 - 1 and 2009 - 3.

Career Builders of Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit Career Builders of Louisiana's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, the Board of Directors, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Latuso and Johnson CPA".

Baton Rouge, Louisiana
May 18, 2010

CAREER BUILDERS OF LOUISIANA

SCHEDULE OF AUDIT FINDINGS

YEAR ENDED JUNE 30, 2009

SECTION 1: PRIOR YEAR FINDINGS

2008 - 1 Finding: As previously reported, approvals for pay increases were not documented in personnel files. We also noted several forms were missing from the personnel files.

Corrective action: A copy of all approved pay raises and necessary federal and state forms are now included in the personnel files.

2008 - 2 Finding: The Organization was unable to file its year end financial statements within the required six month period.

Corrective action: The Organization is not in compliance for its year ending June 30, 2009.

2008 - 3 Finding: The Organization prepares its invoices using word processing software. A copy of the invoices are then provided to the accounting department to record in QuickBooks. We noted several instances where this was either not done or revised invoices were not provided. We also noted several unidentified deposits were recorded directly to revenue without being timely investigated.

Corrective action: Recommended procedures have been implemented.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2009 - 1 Finding: As noted in previous finding 2008 - 1, the Organization was unable to file its year end financial statements within the required six month period.

Recommendation: Accounting and management personnel should complete its year end accounting procedure within two months after its closing. This will allow sufficient time for the auditors to complete their procedures and prepare the necessary reports prior to the six month requirement.

Management's response: Management concurs.

2009 - 2 Finding: Our review of credit card purchases indicated several unsupported purchases the Organization was unable to provide the support for. Several of these expenses were supported by purchase orders only.

CAREER BUILDERS OF LOUISIANA
SCHEDULE OF AUDIT FINDINGS - (CONTINUED)
YEAR ENDED JUNE 30, 2009

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS - (CONTINUED)

Recommendation: All receipts should be attached, vouched, and reconciled on a monthly basis. If receipts are lost, they should be requested from the vendor.

Management's response: Management concurs.

2009 - 3 Finding: Our review of salaries and wages showed that certain employees received incentives that were not included in the payroll reporting. Therefore payroll taxes were not properly paid.

Recommendation: All incentives should be processed through payroll and appropriate taxes withheld and paid.

Management's response: Management believes this error resulted from an isolated occurrence and is not a recurring problem.